This court clearly shows that it is out of step with the will of the American people, the U.S. Congress, and traditional American values. Religious expression is the fundamental basis of our freedom in this country. At the earliest moment in this nation's history, the pilgrims signed The Mayflower Compact that declared that the voyage across the Atlantic was taken ''for the Glory of God'' and still today, the Ten Commandments are publicly displayed in the National Archives. In this Nation we have ''In God We Trust'' on our money, and each day the House of Representatives starts its day be reciting the Pledge of Allegiance. We will continue to do so despite the folly of the 9th Circuit Court.

Mr. FEENEY. Mr. Speaker, I thank you for the opportunity to revise and extend my remarks and submit them into the CONGRESSIONAL RECORD.

I rise in support of H. Res. 132. Fellow Members, in this time of war, I think it is more important than ever to be able to express our patriotic and religious views together in unity and solemnity. The Pledge of Allegiance is a beautiful manifest of the feelings of Americans. We are a religious people. We always have been. America has been such since our inception. Granted, we are a people of diverse religious backgrounds, but being able to express our faith in public without fear of government condemnation or censure is without a doubt, the reason why you and I are standing here today. The desire for religious liberty was what brought the first groups of Americans to our country hundreds of years ago to build this shining ''city upon a hill.''

Members, I stand in support of the Pledge of Allegiance as did this great body on Flag Day 1954 when the words ''Under God'' were added. As President Eisenhower, who supported this change, so eloquently stated, ''In this way we are reaffirming the transcendence of religious faith in America's heritage and future; in this way we shall constantly strengthen those spiritual weapons which forever will be our country's most powerful resource in peace and war.'' Eisenhower's words could not be more accurate or more timely. Americans' religious beliefs reach to the core of our being. It is in both times of uncertainty and turmoil, prosperity and blessing that we cling to our beliefs for direction, comfort, guidance and peace. To deny Americans the right to stand together and say the Pledge of Allegiance is to deny the spirit behind the Mayflower Compact, Patrick Henry's great Liberty Speech, the Declaration of Independence, the Gettysburg Address, and all of the other documents that serve as a mission statement of our people.

Members, in this time of war I urge you to support H. Res. 132 to defend the Pledge of Allegiance as a fitting and constitutional written expression for all Americans.

Mr. GOODLATTE. Mr. Speaker, I rise today in strong support of H. Res. 132, a resolution that expresses Congress's disapproval of the recent 9th Circuit Court of Appeals decision that held that a public school's policy of opening each school day with the voluntary recitation of the Pledge of Allegiance impermissibly coerced a religious act.

A State sponsored religion is unconstitutional, but there is nothing in our founding documents that requires the removal of every reference to God from the public square. Most Americans can make this distinction, which explains the public outcry to the 9th Circuit's misguided decisions.

The faith of our founding fathers was central to the establishment of our Nation and there are references to God in countless public forums. The Declaration of Independence declares that ''all men are Created equal, endowed by their creator with certain unalienable rights.'' The Supreme Court begins each session with the blessing ''God save the United States and this honorable court.'' Congress opens each day with a prayer, through which we seek divine guidance for the tasks before us. Our currency bears the slogan ''In God We Trust.''

The Pledge of Allegiance is an important affirmation of both our country's faith and patriotism. With our Nation on the brink of war, we must be vigilant in guarding against efforts to strip away the tradition and powerful public expressions of these key values. Instead, we should emphasize our shared heritage, our commitment to freedom, and our rich tradition of national humility before the ultimate author of our liberty. I urge each of my colleagues to vote in favor of H. Res. 132.

Mr. SENSENBRENNER. Mr. Speaker, I have no further speakers and am prepared to yield back if the gentleman from Massachusetts will do the same.

Mr. DELAHUNT. Mr. Speaker, I yield back the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. HASTINGS of Washington). The question is on the motion offered by the gentleman from Wisconsin (Mr. SENSENBRENNER) that the House suspend the rules and agree to the resolution, H. Res. 132.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. SENSENBRENNER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

PROVIDING FOR CONSIDERATION OF H.R. 975, BANKRUPTCY ABUSE PREVENTION AND CONSUMER PROTECTION ACT OF 2003

Mr. GOSS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 147 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 147

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 975) to amend title 11 of the United States Code, and for other purposes. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five minute rule the amendment in the nature of a substitute recommended by the Committee on the Judiciary now printed in the bill. The committee amendment in the nature of a substitute shall be considered as read. All points of order against the committee amendment in the nature of a substitute are waived. No amendment to the committee amendment in the nature of a substitute shall be in order except those printed in the report of the Committee on Rules accompanying this resolution. Each amendment may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against such amendments are waived. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. LAHOOD). The gentleman from Florida (Mr. GOSS) is recognized for 1 hour.

Mr. GOSS. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the distinguished gentlewoman from New York (Ms. SLAUGHTER), my friend and associate, pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purposes of debate on this matter only.

Mr. Speaker, I am exceedingly pleased that tonight we will consider much-needed bankruptcy reform legislation under the direction of a fair and balanced rule that makes a total of five amendments in order, including an amendment in the nature of a substitute sponsored by the gentleman from Michigan (Mr. CONYERS), the ranking member.

I am proud of the tireless and extensive efforts of many Members, including the gentleman from Texas (Mr. SESSIONS), who will be here to address us shortly in the rule on this, and the staff who have put together countless hours toward the passage of this legislation over several years now.

Their efforts allow us to ensure that our bankruptcy laws operate fairly, efficiently and free of abuse. We must end the days when debtors who were able to repay some portion of their debts are allowed to game the system. This bill is crafted to ensure the debtor's rights to a fresh start while protecting the system from flagrant abuses by those who can pay their bills.

Congress has spoken on this issue many times before. As we all know, the 105th, the 106th, the 107th Congresses passed legislation addressing bankruptcy reform. In the 105th, the conference report passed the House, but time expired before the Senate voted on a final passage. In the 106th, the conference report received overwhelming bipartisan support in both Chambers; however, President Clinton chose to pocket veto the bill. In the 107th Congress, we came extremely close to final passage of a conference report, but in the end could not finally agree.

So, today, due to the outstanding work and leadership of the gentleman from Wisconsin (Mr. SENSENBRENNER), his committee and so many Members, we have the historic opportunity to make modern bankruptcy reform a reality.

As we debate and vote today, we should keep in mind two important tenets of bankruptcy reform. First, the bankruptcy system should provide the amount of debt relief that an individual needs, no more, no less. Bankruptcy should be a last resort and not a first response to a financial crisis.

One important part of this legislation is known as the homestead provision. Protection of one's homestead is something that is very important to me and, of course, to all my constituents, and to any Member and all their constituents. The homestead provision in this legislation maintains the long-held standard that allows the States to decide if homesteads should be protected, yet prohibits those who would purchase a home before filing bankruptcy as a means to evade creditors.

By tightening our current laws and making it more difficult to escape fraud by declaring bankruptcy, we are expressing no tolerance for those who would game the system to make up for their wrongdoing.

Modern bankruptcy reform has been a long and somewhat arduous journey. It makes the most anticipated result of our work today even more rewarding. It has required not only hard work, but also some difficult decisions on the part of Congress as we know. The result is what I believe to be a carefully balanced package that protects the women, children, family farmers, low-income individuals, and provides access to bankruptcy for all Americans who have a legitimate need.

Today's vote I believe will finally make modern bankruptcy reform a reality, and, Mr. Speaker, I urge my colleagues to vote with me to support this fair rule and the underlying legislation which is long overdue.

Mr. Speaker, I yield the balance of my time to the gentleman from Texas (Mr. SESSIONS) for the purposes of control.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Ms. SLAUGHTER. Mr. Speaker, I yield myself such time as I may consume.

(Ms. SLAUGHTER asked and was given permission to revise and extend her remarks.)

Ms. SLAUGHTER. Mr. Speaker, I thank the gentleman from Florida for yielding me the customary 30 minutes.

Mr. Speaker, this bill purports to improve the Bankruptcy Code by ensuring fairness for debtors and creditors. Unfortunately, this bill envisions fairness as choosing credit card companies over people in dire financial situations. This bill attempts to solve a complex problem with an oversimplified, one-size-fits-all solution when the problem really requires a sophisticated solution.

The rhetoric around H.R. 975 paints a vivid picture of scheming people running up huge debts, buying extravagant houses and expensive cars just before they run to a local bankruptcy court to avoid paying their bills, but the reality is that only 3 percent of the people who file for bankruptcy are these kinds of cheaters.

In order to stop the 3 percent who abuse the system, the bill takes the dramatic sweeping step of harming the 97 percent of people who are forced to seek protection under the Bankruptcy Code because of illnesses, unemployment or divorce. In fact, nearly half the people who file for bankruptcy protection do so because of medical bills and the financial consequences of illness or injury.

Middle-class families are only one serious illness away from financial collapse, and the impact of medical cost is highest on women, families headed by women and older people.

Mr. Speaker, one of the most forceful and persistent proponents of changing the Federal Bankruptcy Code is the credit card industry. We all know that credit card companies send us solicitations by the boatload. They mailed 5 billion of them in 2001. Each of us get three or four a day. They flood the mailboxes with credit card offers and encourage debt, and it is very hard to sympathize with these companies. They are actively, actively creating the problems that they now want this body to fix for them.

Why does this legislation do nothing to address the culpability of credit card companies in the growing numbers of bankruptcies? Nothing in this legislation requires credit card companies to provide adequate information to consumers about the costs of credit. Nothing in the bill addresses the industry's aggressive marketing of credit to students and to young teenagers. Nothing in this bill deals with predatory mortgage loans or the high costs of so-called payday loans.

Douglas Lustig, a bankruptcy attorney in my hometown of Rochester, New York, says that people are not abusing credit cards for extravagances. Rather, he says, most people use credit cards out of necessity. People are forced to use their credit cards to buy food or pay for rent until they get through difficult economic times, and what really breaks my heart is that as unemployment rates rise, this Congress has failed to extend the unemployment benefits in so many households. This is the only recourse that they have. Then if something awful happens to them, and the wife is laid off or the husband diagnosed with cancer, the family then is totally unable to meet its financial burdens, and this bill chooses to make sure that the credit card companies get paid instead of protecting the families and helping them dig out of financial collapse.

What do bankruptcy judges think about this legislation? Judge A. Thomas Small, who recently served as president of the National Conference of Bankruptcy Judges and now is chairing the Federal Bankruptcy Rules Committee, sees problems. He says this measure will fail to block needless bankruptcy cases while making it a lot harder for people who really need bankruptcy relief to get it.

Despite the many years that bankruptcy reform has been discussed by this body, many serious problems persist in this legislation. The rule before this body gags us and limits our right to speak fully about the significant legislation and its real-world effects. Republicans in the House Committee on Rules blocked the consideration of six substantive amendments to this bill. This body has the right to discuss them, to deliberate and to consider the changes they offer.

One amendment would protect the Active Duty members of the Armed Forces, unemployed people who have exhausted their benefits, and victims of terrorism. Another would have prohibited credit card companies from issuing cards to people under the age of 21. A third amendment would place a $125,000 national cap on the homestead exemption without any of the exceptions allowed in the underlying bill. Still another would place reasonable limits on exorbitant retention bonuses, the severance package and other payments to corporate insiders of companies that are bankrupt or facing bankruptcy. A fifth amendment would crack down on the predatory lending practice known as payday lending.

An amendment offered by the gentleman from Michigan (Mr. CONYERS), the gentlewoman from Texas (Ms. JACKSON-LEE) and myself would give bankruptcy courts the discretion to provide extra protection for people entitled to alimony or child support, a piece of legislation that we put in back in the days when Jack Brooks was chair of the Committee on the Judiciary. Many of us worked very hard at that time to make sure that child support was the first thing that a spouse had to or person who was paying the

support had to discharge. That has changed now.

□ 1230

The reform legislation elevates the credit card companies to the same categories of child support. Mothers and fathers who are trying to get money for food and clothes for their children will have to compete with the major credit card companies with their legions of lawyers and sophisticated collection departments for the same few dollars.

Mr. Speaker, I will enter this list of amendments left on the floor of the room of the Committee on Rules into the RECORD.

Mr. Speaker, H.R. 975 even fails to hold perpetrators of violence against women's health care clinics accountable for their actions. As part of a coordinated strategy, perpetrators of clinic violence have filed for bankruptcy to avoid paying judgments against them for violation of Federal law. This bill will allow them to discharge these judgments and get away with breaking Federal law and trampling the constitutional rights of women.

This rule and this legislation fail the American people. Years of consideration have not produced bankruptcy reform that the American people deserve, reform that fixes the current problems with a system without causing significantly more harm than this prevents.

Mr. Speaker, we should produce legislation that strikes a balance between risk-taking and responsibility and shelters that 97 percent who deserve the Federal protection. I urge Members to vote against this rule and against H.R. 975.

The previously mentioned list of amendments follows:

AMENDMENTS REJECTED BY THE HOUSE RULES COMMITTEE DURING CONSIDERATION OF H. RES. 147, THE RULE GOVERNING DEBATE ON H.R. 975, THE BANKRUPTCY ABUSE PREVENTION AND CONSUMER PROTECTION ACT OF 2003

Amendment No. 5 Offered by Representative Delahunt—the amendment places a $125,000 national cap on the homestead exemption, without any of the exceptions allowed in the underlying bill.

Amendment No. 6 Offered by Representative Delahunt—the amendment places reasonable limits on exorbitant ''retention bonuses,'' severance packages, and other payments to corporate insiders of companies that are bankrupt or facing bankruptcy.

Amendment No. 8 Offered by Representative Jackson-Lee—the amendment cracks down on the predatory lending practice known as ''payday lending.''

Amendment No. 9 Offered by Representative Waters—the amendment prohibits credit card companies from issuing cards to people under 21 years of age.

Amendment No. 10 Offered by Representative Schakowsky—the amendment excludes unemployed people who have exhausted their benefits, active duty members of the armed forces, and victims of terrorism from the bill's means test provisions.

Amendment No. 11 Offered by Representatives Conyers, Slaughter, and Jackson-Lee—the amendment gives courts the discretion to disapprove an agreement or the discharge of a debt if it would impair a debtor's ability to pay alimony or child support.

Open Rule Motion Offered by Representative Frost—on a party-line vote of 3–9, the Committee rejected Mr. Frost's motion that the House consider H.R. 975 under an open rule, which would have allowed the House to debate all of the amendments Members brought before the Committee.

Mr. Speaker, I reserve the balance of my time.

Mr. SESSIONS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we are talking about bankruptcy today again. We have done this four times. This rule will pass because it is a fair rule. The underlying legislation will pass overwhelmingly because it is great legislation that the American people not only asked for but want. It will help streamline and make better the bankruptcy procedures that are necessary as our courts deal with them, and as people who have gotten into financial trouble deal with the old legislation and find out what a problem it is.

I am proud to be here today to talk about good legislation that is good for the American public, it is good for consumers, and I am very proud of what we are doing.

Mr. Speaker, I yield such time as he may consume to the gentleman from Georgia (Mr. LINDER), a member of the Committee on Rules.

Mr. LINDER. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in support of this fair rule and the underlying legislation, H.R. 975. H. Res. 147 is a fair and responsible rule that will allow the House to work its will on the underlying bankruptcy reform bill. It makes in order two amendments sponsored by Democrats, two bipartisan amendments, and an amendment in the nature of a substitute offered by the ranking minority member of the Committee on the Judiciary, the gentleman from Michigan (Mr. CONYERS). I urge Members on both sides of the aisle to join me in approving this rule so we can move on to H.R. 975, important bankruptcy reform legislation.

I support providing this bankruptcy protection. I believe that American citizens should be able to gain a fresh start after finding themselves incapable of meeting their obligations. In fact, our Nation has historically understood the importance of providing this protection.

As one individual put it during the congressional debate in the late 19th century, ''When an honest man is hopelessly down financially, nothing is gained for the public by keeping him down; but on the contrary, the public good will be promoted by having his assets distributed ratably as far as they will go among his creditors and letting him start anew.''

Today we debate the reform of U.S. bankruptcy law one more time. We should focus on how to ensure that bankruptcy laws follow their intended design, while working to derail the growing trend of using bankruptcy as a means for avoiding the payment of debts, even when those debtors are financially capable of paying off those debts. The question before us is, How can we prevent individuals abusing these protections, while ensuring that bankruptcy relief remains available for those who truly need it?

In 1787, the Founders of this country, some of whom were debtors themselves, recognized the necessity for providing leniency to individuals who are faced with increasing debts. The Founders understood that it was impossible for debtors to work towards paying off their debts while sitting in debtors' prison. I do not, however, believe the Founders would have approved of a system where bankruptcies have increased more than 400 percent in 23 years and represent a cost of $400 to every American family who works hard to meet its own financial responsibilities.

H.R. 975 works both to continue the Founders' vision for bankruptcy protection while curbing the abuses that have plagued the system over the past few decades. Congress should not be in the business of protecting those who wish to use bankruptcy as a financial planning tool, while penalizing hard-working Americans who fall into financial difficulties.

Last year, almost 1.6 million bankruptcy cases were filed in this country. We must ensure that this number is significantly reduced in the future. It is not shameful to file for bankruptcy if one falls on hard times. It is, however, shameful to use bankruptcy as a means of paying one's obligations.

As such, I urge Members to join me in supporting both this rule and the underlying legislation to help restore the legitimacy of this protective tool and to bring commonsense reasoning back to American bankruptcy law. I urge Members to join me in voting for the rule and H.R. 975.

Ms. SLAUGHTER. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts (Mr. DELAHUNT).

Mr. DELAHUNT. Mr. Speaker, I thank the gentlewoman for yielding me this time.

Mr. Speaker, two amendments rejected by the Committee on Rules which I had hoped to offer illustrate the double standards represented by this bill because wealthy debtors with their lawyers and financial advisors can continue to game the system, and corporate insiders who have managed healthy businesses into bankruptcy can still be awarded with golden parachutes. Meanwhile, people of modest means will be denied a genuine fresh start, and retirees whose pensions and life savings have been wiped out by corporate bankruptcies will get little relief.

My first amendment would have placed reasonable limits on exorbitant retention bonuses, obscene severance

packages, and other outlandish payments to corporate insiders whose companies are bankrupt or insolvent; and the amendment would have reserved those assets for the benefit of employees, retirees, and other creditors.

In the State of Massachusetts, Polaroid executives canceled their retirees' health coverage days before filing for bankruptcy and then terminated workers on long-term disability when the company reorganized. At the same time they awarded themselves more than $5 million in various bonuses and incentive payments shortly before filing for bankruptcy and then another $6 million in so-called retention bonuses afterwards.

Of course, this pales in comparison to Enron, where their CEO, Kenneth Lay, received gross profits of $247 million, or Global Crossing where Gary Winnick, their CEO, grossed $512 million, all the while eliminating thousands of jobs and driving their companies into bankruptcy.

My second amendment would have helped eliminate the most notorious abuse of all, the financial planning strategy whereby debtors purchase expensive homes in States with unlimited homestead exemptions, declare bankruptcy, and continue to enjoy a life of luxury while their creditors get little or nothing, like the convicted Wall Street investment banker who filed bankruptcy while owing some $15 million in debt and fines, but still kept his $5 million mansion complete with 11 bedrooms and 21 bathrooms. Yet while the so-called bankruptcy abuse prevention bill obsesses about whether small debtors can manage to pay $100 a month in Chapter 13, it continues to tolerate this outrageous abuse.

Mr. Speaker, this is not the only exemption that allows the wealthy to shelter their assets. In addition to the million dollar mansion, they can receive a substantial pension, have an IRA up to a million dollars, and own annuities worth additional millions and not worry about it because depending on where they live, these assets are exempt and creditors cannot touch them. This bill does nothing about that.

What message does it send when Congress subjects middle-class debtors to a means test while permitting the wealthy to continue to place their millions out of reach of their creditors? We are creating different classes of debtors, and every fair-minded person should find this unconscionable. This rule should have provided an opportunity to deal with these issues, and I urge my colleagues to oppose the rule and vote down this unfair and one-sided bill.

Mr. DELAHUNT. Mr. Speaker, I rise in opposition to the rule.

The rule fails to allow the House to consider two amendments I had intended to offer to illustrate the double standard represented by this bill: A bill that denies a fresh start to people of modest means while allowing wealthy debtors and corporate insiders to continue to abuse the bankruptcy system.

It was one thing to consider this kind of legislation when our nation was enjoying the prosperity of the 1990s. But this debate takes on a certain surreal quality when we consider the depths of the economic difficulties our country is facing at the moment. With unemployment rising. Growing numbers of working Americans who can't buy health insurance at reasonable rates. Retirees whose pensions and life savings have been wiped out by corporate bankruptcies.

And what are we doing about it? We're helping the credit card companies squeeze a few more pennies out of these same working families. And we're ignoring the massive abuses that have turned the Bankruptcy Code into a bonanza for a handful of unscrupulous executives.

Some months ago, the Financial Times published an analysis of the profits amassed by top officers and directors of the 25 largest companies to declare bankruptcy during the previous 18 months. According to the report, ''in just three years, they grossed about $3.3 billion before their companies went bust, having wiped out hundreds of billions of dollars of shareholder value and nearly 100,000 jobs.''

And so, as Global Crossing was losing $9.2 billion and eliminating over 5,000 jobs, its chairman, Gary Winnick, grossed $512 million. While Enron lost $18.8 billion and eliminated 5,500 jobs, its CEO, Kenneth Lay, and the chairman of its energy services subsidiary, Lou Pai, made gross profits of $247 million and $270 million, respectively.

The sources of these windfalls included such now-familiar devices as retention bonuses. Severance payments. Forgiven loans. And dividends on holdings of company stock.

In my corner of the world, Polaroid executives cancelled their retirees' health and life insurance coverage and terminated workers on long-term disability—all while awarding themselves more than $5 million in various bonuses and ''incentive'' payments before filing for bankruptcy and another $6 million in retention bonuses afterwards. Officers and directors received severance packages while employee severance was terminated. Officers and directors were able to redeem their company stock while employees, forced to put 8 percent of their salaries into the stock option plan, were prohibited from withdrawing the funds and watched their holdings evaporate. No sooner was the sale of the company completed than the new CEO terminated the retiree pension plan.

What happens to people who lose their livelihood, their savings, and their health coverage? Lots of them wind up unable to pay their debts and forced into bankruptcy. So in fact, we have corporate bankruptcies causing personal bankruptcies. And the only response from Congress has been to push an industry-sponsored bill that would make it harder for these people to get a fresh start. A bill that penalizes the very working families that have been victimized by corporate misconduct, while preserving the loopholes and exemptions that allow corporate insiders to shelter their ill-gotten gains when they declare bankruptcy.

I had sought to offer an amendment that would begin to redress the balance. It would have placed reasonable limits on exorbitant ''retention bonuses,'' severance packages, and other payments to corporate insiders of companies that are bankrupt or insolvent. The amendment would not have prohibited such payments to the extent that they are truly necessary to keep key employees in place. But it would have permitted them only when the court finds that, first, the employee has a bona fide job offer from another business at the same or greater rate of compensation; second, the services provided by the person are essential to the survival of the business; and third, the amount of the payment is not excessive when measured against the amounts paid to nonmanagement employees in the ordinary course of business.

The amendment would have empowered the court to return excessive payments to the bankrupt company, so that these funds can be available to help the company reorganize, or, in the alternative, can be distributed to employees, retirees, and other creditors. It would have restored some semblance of fairness to this unbalanced bill.

The second amendment I had hoped to offer would have helped eliminate the biggest loophole in the Bankruptcy Code, by placing a meaningful national cap on the homestead exemption.

I say ''meaningful,'' Mr. Speaker, because the $125,000 cap that is currently in the bill is qualified by a series of exemptions that assure that those who engage in flagrant abuse of the bankruptcy system by sheltering homestead assets can continue to do so.

My amendment would have left the cap at $125,000 while eliminating the exemptions for transactions conducted more than 1,215 days preceding the bankruptcy filing and for interests transferred from a debtor's previous principal residence acquired within the same state prior to that time.

The rationale we have been given for the so-called ''needs-based'' reforms proposed in H.R. 975 is to eliminate abuses of the bankruptcy laws—abuses which proponents of the legislation have characterized as the use of the Bankruptcy Code as a ''financial planning tool.''

Yet while the bill obsesses about whether small debtors can manage to pay $100 a month in chapter 13, it continues to permit—indeed, it endorses—the most notorious abuse of the consumer bankruptcy system of all: The ''financial planning'' strategy whereby debtors purchase expensive homes in states with unlimited homestead exemptions, declare bankruptcy, and continue to enjoy a life of luxury while their creditors get little or nothing.

If we are truly serious about curtailing abuses, it seems to me that this is the place to start. With the owner of the failed Ohio S&L who paid off only a fraction of $300 million in bankruptcy claims while keeping his multi-million-dollar horse ranch in Florida.

Or the convicted Wall Street financier who filed bankruptcy while owing some $50 million in debts and fines, but still kept his $5 million Florida mansion—complete with 11 bedrooms and 21 baths.

Or the Miami physician with no malpractice insurance, who was named in four separate malpractice actions, filed for bankruptcy protection, and kept a $500,000 home—complete with a 100-foot swimming pool.

Or the movie actor, Burt Reynolds, who declared bankruptcy in 1996, claiming more than $10 million in debt. Reynolds kept a $2.5 million home—appropriately named ''Valhalla''—while his creditors received 20 cents on the dollar.

The situation in Florida has become so notorious that one Miami bankruptcy judge told the New York Times, ''You could shelter the Taj Mahal in this state and no one could do anything about it.''

The sponsors of the bill will claim that they have closed the loophole by putting a cap on the exemption. But the provision is riddled with loopholes that ensure that wealthy debtors who are sophisticated enough to plan ahead will still be able to shelter their assets without ever being subject to the cap. Under the bill, they can purchase a homestead to shelter their non-exempt assets and simply wait the 1,215 days before filing their petition. And the bill expressly permits them to transfer their assets from a previous principal residence into a new one at any time prior to their bankruptcy filing without being subject to the cap, provided that the former residence is located in the same state.

What message does it send, Mr. Speaker, when Congress subjects middle-class debtors to a means test while permitting the wealthy to continue to place their millions out of reach of their creditors? What message does it send when we impose tough repayment plans on working families that are barely making ends meet, while allowing corporate insiders to drive their companies into bankruptcy and pocket millions of dollars in bonuses, severance packages, and other ill-gotten gains?

I urge my colleagues to oppose the rule and vote down this bill.

Mr. SESSIONS. Mr. Speaker, I yield myself such time as I may consume.

The gentleman from Massachusetts has been a very active player in this process for a very long time, and he speaks very forcefully about all these rich people who utilize the schemes within the bankruptcy law, but then the gentleman failed his own test when he spoke about millionaires because he moved the test down to a household of $125,000, not a house that a millionaire or some rich corporate executive that the gentleman speaks about would want to protect, but where the average American lives, where the average American who would have a chance to lose their own house in the event of bankruptcy, and that is the sad part about this, is that this clamoring, this beating of the drum about corporate executives and corporations and how bad they are for America and all these rich fat cats, and then the other party takes it out on the average person, and they want more. They want to make sure that literally any person who would have a bankruptcy could lose their house.

The Republican Party disagrees; I disagree. I think that people who are Americans who get up and go to work and are hard working would find this really despicable, to take a person's home because they got into trouble. But now we say oh, no, down to $125,000, not the millionaire. So once again we learn the Democratic Party philosophy, and that is anybody who has a job or house is not protected. Oh, up to $125,000 is. I wonder who has those kinds of houses? The answer is millions of Americans, and that is what the other side of the aisle is out after on the floor of the House of Representative again today if one engages in bankruptcy.

Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. CHABOT).

Mr. CHABOT. Mr. Speaker, I rise in support of the rule and the bill, H.R. 975, the Bankruptcy Abuse Prevention and Consumer Protection Act.

□ 1245

This legislation reflects many years of effort by both the House and the Senate to enact bankruptcy reform which protects consumers from having to pick up the tab for irresponsible debtors, debtors who are capable of paying off a significant portion of their debts. There are people who truly have a legitimate need to declare bankruptcy. At times hard-working people come up against special circumstances that are beyond their control. Family illness, disability or the loss of a spouse may necessitate the need to seek relief under our bankruptcy laws. This legislation will protect these individuals.

Too frequently, however, individuals who have the financial ability or earning potential to honor their debts are simply seeking an easy way out of repaying those debts. While this may prove convenient for the debtor, it is not fair to their friends or to their neighbors who are ultimately stuck with the bill. Those who can afford to pay their debts must honor their commitments.

The current economic climate necessitates bankruptcy reform now more than ever. Some individuals and small businesses in this Nation are facing severe financial hardship, hardship that may justify the need to file for bankruptcy. As a result, the bankruptcy system must be reformed to ensure that those with a legitimate need are not adversely affected by those who abuse the system.

Mr. Speaker, the hard-working families in my district in Cincinnati, Ohio, pay far more than they ought to in taxes. They do not need to incur an additional burden created by those who seek to hide from their debts. This bill holds those irresponsible debtors accountable and protects those hard-working families. I urge support of this rule, and I urge support of this bill.

Ms. SLAUGHTER. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts (Mr. DELAHUNT).

Mr. DELAHUNT. Mr. Speaker, I thank the gentlewoman for yielding me this time.

In response to my colleague and dear friend from Texas, it is not the cap. It is not the cap that disturbs us. The question is, is it a genuine cap, or is it a sham? I suggest that this cap is a sham. There are more loopholes in this particular provision than one can even comprehend. This is not about the individual, the average, middle-class American who earns 25-, 30- or $35,000, but it is about the sophisticated investor, it is about the sophisticated individual who has access to the very best in terms of legal talent and financial advice, who knows how to game the system. We are talking about not $125,000, but about the millions, the millions, that are being prevented from going to legitimate creditors because of this particular exception.

Mr. SESSIONS. Mr. Speaker, I yield myself such time as I may consume.

The gentleman and I have spoken about this often, as a matter of fact, including in the Committee on the Judiciary. We will still hold on this side of the aisle that if you want to aim at millionaires, then make it to a millionaire level instead of to a middle-class issue, and that is $125,000. I do not get it, and I do not think they do, either. But the American public that loses their home does understand it.

Mr. Speaker, I yield such time as he may consume to the gentleman from Utah (Mr. CANNON), a member of the Committee on the Judiciary.

Mr. CANNON. Mr. Speaker, I thank the gentleman from Texas for yielding me the time to talk about this issue.

I would urge support of our Members for this rule and the underlying bill. Over the last three Congresses, the House has passed this bill on six different occasions. We hope that today we can do it for the seventh time. From about the 105th Congress to the present Congress, the House Committee on the Judiciary has held hearings at which more than 130 witnesses have appeared representing nearly every constituency that is affected in the bankruptcy and business community.

H.R. 975 is virtually identical to the bankruptcy reform legislation that the House passed just 4 months ago, which was essentially the bankruptcy conference report, without the so-called Schumer amendment, so we have eliminated that controversy that we had last year. Last year's bankruptcy conference report was the product of nearly a year of extensive negotiations and compromises that were bipartisan and bicameral.

Let me just point out some of the things that this bill does. H.R. 975 consists of a comprehensive package of reform measures pertaining to both consumer and business bankruptcy cases. It improves bankruptcy law and practice by restoring personal responsibility and integrity in the bankruptcy system and by closing loopholes for abuse. It responds to many of the factors contributing to the increase in consumer bankruptcy filings, such as lack of personal financial accountability and ineffective oversight with respect to deterring abuse in the system. It ensures that consumer debtors repay creditors to the maximum that they can afford. It also includes consumer protection reforms that prioritize the payment of spousal and child support, for instance, making sure that the deadbeat parents cannot use bankruptcy to avoid their support

responsibilities. It also protects a debtor's retirement pension and educational IRAs for the debtor's children from the claims of creditors. And it requires debtors to receive credit counseling before they can be eligible for bankruptcy relief so that they will be able to make an informed choice about bankruptcy, its alternatives and its consequences. We find that many people today are taking out bankruptcy and then finding out how brutal it is to have done so after the fact.

We have also touched on many other issues. We help family farmers and fishermen who are facing financial distress. This is a program we have reauthorized several times independently last year. We authorize the creation of 28 additional bankruptcy judgeships. One of the things we do that is really quite important is we reduce the systemic risk in the financial marketplace in this enactment, which Federal Reserve Chairman Greenspan has described as ''extremely important'' for our system today.

In addition to the base bill, we have in the rule a Cannon-Delahunt amendment. If I can speak to that for just a moment, this amendment is identical to H.R. 5525, a bill that our former colleague George Gekas from Pennsylvania introduced in the 107th Congress. This really deals with some of the issues that our colleague from Massachusetts has been pounding on here recently, where we have had Enron, WorldCom, Global Crossing and other corporations that have shown us how bad a company can actually be. This bill would provide heightened protections for employees by increasing the monetary cap on wage and employee benefit claims that are entitled to priority under the Bankruptcy Code from $4,650 to $10,000. In addition, it would lengthen the reach-back period for wage claims from 90 days to 180 days.

Secondly, the amendment increases the reach-back period during which fraudulent transfers can be rescinded from 1 year to 2 years and provides that outrageous compensation payments and bonuses and other perks given to a corporation's insiders during the reach-back period which we have now doubled can be rescinded and the payments returned to the bankruptcy estate for distribution to its employees and creditors.

Third, it requires the court to reinstate retiree benefits that a corporate debtor modified within 180 days preceding the bankruptcy filing unless the balance of the equities justifies the modification. This amendment reflects sound bankruptcy policy and will effectuate meaningful reforms.

I hope that the Members of this body will support this rule and the underlying bill and amendment. I would like to thank the gentleman from Massachusetts for working with us on this amendment, which I think is going to be very effective in reaching the core problem of companies and insiders who do illegal, wrongful things and then walk away scot-free with a lot of money. Not only should those people be criminalized, they should be put in jail and their assets taken back and put back in the estate so that employees and creditors can have the benefit of that transaction. I thank the gentleman for his work on this issue.

Ms. SLAUGHTER. Mr. Speaker, I yield 5 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I was very interested in listening to a former speaker cite the concepts of the Founding Fathers. We have been spending a lot of time today utilizing the Constitution, and for this body that is good. Whenever we can attribute part of our debate and reasoning to the Constitution, we are on solid ground. He reminded us of the concept of the debtors' court and the Founding Fathers. Maybe that is all that may be truly accurate in the representation of utilizing the Founding Fathers' purposes.

Yes, they did not want to have a situation where people were victimized by those who did not pay their honest debts. We also know that this country had several States, maybe one in particular, that was founded by exiled or fleeing debtors. Certainly a now prominent member of the United States, meaning the United States family, this State is a thriving, prosperous State today.

All debtors should not be condemned. And the consensus, I believe, that you could interpret the Founding Fathers' concept does not equate to modern times, and that is, the Founding Fathers did not know anything about predatory creditors and usurious rates, interest rates; they did not know that there would be a proliferation of credit cards so that if you were 14 years old, you got a letter; if you were incapacitated in a hospital, they would be soliciting you to get a credit card; or you could be on a college campus barely making ends meet, and they would solicit you for a credit card.

And now this legislation simply puts in documentation individuals who have been preyed upon to get these credit cards now in a situation where we go into the bankruptcy court, we, one, out of this legislation take more discretion away from the judges so that they can ascertain the reasons why you are filing a bankruptcy. You take judicial discretion away from the judges, and you put a means test so that if you have a catastrophic illness, or you are divorced or you are elderly and you lose a loved one, or your spouse and you have fallen upon hard times, there is no way to give discretion to helping you as you file in the bankruptcy court.

Let me assure you that neighbors do not put signs out on the front yard and say, ''I am bankrupt, I have filed bankruptcy, I'm proud of it.'' It is something that we certainly disagree with or are concerned with.

My friends in the credit card industry and the credit union industry have many good points, and to my friends particularly in the credit union industry of which I support enthusiastically and as well, Mr. Speaker, have worked with them and would propose certain aspects to correct their problems, but this legislation fails to protect the parent who needs alimony and child support. It has them grappling and fighting on the ground between high-priced credit card companies, because it dumps all of those particular debts into one pot and has them fighting with each other.

Unfortunately, you can burn up a Planned Parenthood center and hide behind the Bankruptcy Code. I hope that is fixed in the other body.

What we call payday loans, the amendment that I had that we would protect those who, because they have no money, they go to loan sharks on payday, usurious high rates. Their weekly check, they use it, they cannot pay it back, they file bankruptcy, and then those usurious rate people who take advantage of folks who needed an emergency loan at ridiculous rates can go in and press them to pay those ridiculous loans back.

Mr. Speaker, we are not fixing the problem, we are making the problem worse. And how in the world can you expect a single parent, whether it be a mom or dad, to be able to fight equally with the bigshots with a lot of lawyers? When we started this some 4 or 5, 6 years ago, it was noted that the credit card companies paid $40 million in lobbying and campaign contributions to make sure. They are persistent. And here we go again with a big document that does not treat the little guy fairly.

I support the Cannon-Delahunt legislation, and I hope next time we can go even further, because I come from the community where Enron laid off 5,000 employees within 72 hours after they filed bankruptcy and gave out $120 million in bonuses.

What we need to do is to do a step further. I will be offering legislation that makes employees laid off because of the malfeasance of their corporations secured creditors and first in line. And then I will make those who have been laid off, losing their benefits, their health benefits, like a victim in my community who died, because they were getting benefits, they had a catastrophic illness, and because they were laid off by this company, they lost their life.

Mr. Speaker, we can do a better job. Vote down the rule and vote down the bill.

Mr. SESSIONS. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. ROYCE).

Mr. ROYCE. Mr. Speaker, last year my colleagues and I on the conference committee for the Sarbanes-Oxley Act

sent to the President a bill that included tough new criminal penalties for corporate malefactors. I think at that time we took a number of steps that were important. We drastically increased the sentencing guidelines for securities fraud, for document shredding, for mail and wire fraud. I think Congress provided a strong deterrent for many white-collar criminals that would misrepresent the true financial health of their companies.

□ 1300

By passing this legislation, I think we send a serious message to Wall Street and to Main Street that these corporate criminals would be dealt with as harshly as other criminals. I think today Congress has the opportunity to finish the task of preventing corporate malfeasance by agreeing to pass this bill, H.R. 975. This bill may not have everything we want in terms of how it is phrased, but included in this bill I think is a sensible provision that sharply limits to $125,000 the homestead exemption that many CEOs and corporate officers have used to shield their assets from creditors after they plunder their shareholders' wealth. This is in cases where someone has committed securities law violations or other bad acts, and I think by empowering the government to go after the ill gotten gains that corporate officers who break the law and then tie up those assets in offshore mansions at the expense of parishioners who have been swindled, I think this is an important addition to the law.

Also, this bill prohibits people convicted of felonies like securities fraud from claiming an unlimited exemption when filing for bankruptcy, and I think that protects taxpayers from having to bear the cost of corporate collapses like Enron and WorldCom; and I think it also guards against fraud and abuse by requiring that high-income debtors who have the ability to repay a significant portion of their debts do so, preventing them from sticking responsible borrowers with their tab in the long run.

It accomplishes all of this while preserving the ability of people who truly need to discharge their debts to do so. For far too long, Americans who have worked hard and paid their bills have been held accountable for their debts but also by debts incurred by those who irresponsibly file for bankruptcy; and I think this long-overdue legislation will reform the critically flawed bankruptcy process and prevent affluent filers from gaming the system and passing on their bad debts to hard-working families, while preserving the ability of people who truly need to discharge their debt through bankruptcy to do so.

Bankruptcy should be preserved as a last resort for those who truly need the protections that the bankruptcy system has to offer, not a tool for those who could pay their debts, but choose to discharge them instead. By agreeing to this legislation, Congress will make the existing bankruptcy system a needs-based one and correct a flaw in the current system that encourages people to file for bankruptcy and walk away from debts regardless of whether they are able to repay any portion of what they owe, and it does this while protecting those who truly need protection.

So I commend my colleagues for their hard work on this legislation, and I strongly urge my colleagues to vote in favor of this report and help honest taxpayers by closing the loopholes in the current bankruptcy system.

Ms. SLAUGHTER. Mr. Speaker, I yield 3 minutes to the gentleman from Virginia (Mr. SCOTT).

Mr. SCOTT of Virginia. Mr. Speaker, I thank the gentlewoman for yielding me this time.

Mr. Speaker, for centuries American bankruptcy law has had the principle that if a person ever gets over their head in debt, they can cash in all their assets, pay off all the debts that they can, and get a fresh start. For policy reasons, a few assets have been historically exempt and a few debts have been historically nondischargeable, especially those that have been incurred by fraud or through abuse of the bankruptcy system. Yet the principle has always been the same, cash in all one has and get a fresh start.

This bill violates the historic principle. People who incur debts because of illness, unemployment, or business failure and have debts they cannot pay off will be denied an opportunity to get a fresh start. They will be stripped of every penny of income after basic expenses such as food and rent without reasonable allowance for unforeseen emergencies such as auto repairs and so forth, which will inevitably come up. People in these circumstances will be in economic slavery for 5 years and probably be worse off at the end of 5 years than they were before. During this time a person over his head in debt has nothing to lose. This bill will deny relief under the traditional bankruptcy laws for at least 5 years.

The bill has no rational measure for determining a person's ability to pay off their debts. It says if they can pay off $10,000 on their debts over 5 years, that is $167 a month, then they are not entitled to a discharge. A person could co-sign a spouse's business loan only to have the spouse die or disappear and with a $50,000 salary find him or herself owing $1 million, unable to even make interest payments, and that person would be denied relief under this bill. This will cause many Americans who have had unforeseen business failures, health problems, or unemployment to find themselves unable to pay their debts and be trapped with no way out.

If our goal, Mr. Speaker, is to create a situation where people are stressed out with nothing to lose and to maximize the chances that a person will totally lose control and terrorize the community or their co-workers, this is it. Just this week in Washington, D.C. we have seen the impact of financial stress. The North Carolina farmer who drove his tractor into the pond near the National Mall was quoted as saying: ''I'm broke, busted, I'm out.'' No one in the community is safer when we have increased the number of our neighbors who have nothing to lose.

Finally, Mr. Speaker, we need to consider the impact this bill will have on small business entrepreneurs. How many will be willing to take a chance on a new business if any failure will result not just in bankruptcy but no relief for the family for 5 years? No bank in the future will lend a business any cash, especially one in financial distress which actually needs the money, without the personal signature of the owner. Long ago we decided that there would be no debtors prisons in America. This bill represents an effort to take a giant step backwards to this bygone era, and I urge my colleagues to reject this bill and the rule.

Mr. SESSIONS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Committee on Rules has been the subject of debate today; and the Committee on Rules met last night to talk about this bankruptcy bill, presented a fair, as they always do, rule to be able to discuss and debate this important issue.

Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. DREIER), the chairman of the Committee on Rules.

(Mr. DREIER asked and was given permission to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, let me begin by thanking the gentleman from Dallas, Texas (Mr. SESSIONS), my friend, for his spectacular job in so ably handling the management of this rule.

The proverbial ''Ground Hog Day'' is what comes back to mind. We have been dealing with this issue over and over and over again, and we tried desperately in the waning days of the 107th Congress to move ahead with a conference report on this because everyone agrees the problem that exists out there of abuse of the bankruptcy law needs to be fixed, and we know that members of the Committee on the Judiciary have worked long and hard on this issue, and we appreciate the fact that we have worked in a bipartisan way on the legislation.

But, Mr. Speaker, I am particularly proud of the fact that when we looked at this rule, I know that my friends on the other side of the aisle would like to have an open amendment process with every single proposal that was put forth to the Committee on Rules consider, but quite frankly virtually all of these issues were addressed in the Committee on the Judiciary, and they dealt with these questions, and we have the responsibility of trying to manage as well as we possibly can this floor and at the same time, as I said when I was here last week, working hard to ensure

the rights of the minority. I do feel very strongly about that. I feel strongly about it because, as I said when I was here last week, I served for 14 years in the minority and I believe that we need to work as hard as we can to allow as many ideas as there are out there to address these concerns and have a chance to come forward. So that is exactly what we have done.

Mr. Speaker, there were 14 amendments submitted to the Committee on Rules, and I am happy to say that we have two bipartisan amendments that we have made in order and three amendments offered by Democrats, exclusively by Democrats that have been made in order on this issue; and I know yesterday that the gentleman from Texas (Mr. FROST), the ranking minority member, referred to the Gutierrez amendment as a technical amendment. I happen to be very strongly in support of the Gutierrez amendment. I think it is a very important measure. It needs to be addressed, but it is a Democratic amendment.

So, Mr. Speaker, as we try to focus on issues of individual initiative, responsibility for one's actions, while at the same time ensuring that those who are in fact really down and out and need to have as a recourse the filing of bankruptcy, I believe that as we look at those concerns that this legislation, when we pass this rule, will allow for an open discussion of the different alternatives and the proposals that people have, including the gentleman from Michigan's (Mr. CONYERS) substitute, which we have made in order; and then at the end of the day I hope we can pass this and then move ahead and have action taken in the other body and a conference after years and years and years with so much hard work put into this. The gentleman from Illinois (Mr. HYDE), the gentleman from Wisconsin (Mr. SENSENBRENNER), and the others on the Committee on the Judiciary who worked on this finally have a product that the President will be able to sign.

So I thank my friend again for yielding me this time, and I thank him for his superb service on the Committee on Rules; and since I see two other members of the Committee on Rules here, the gentleman from Florida (Mr. HASTINGS) and the gentlewoman from New York (Ms. SLAUGHTER), I also thank them for their fine service on the Committee on Rules as well.

Ms. SLAUGHTER. Mr. Speaker, I yield 3 minutes to the gentlewoman from Illinois (Ms. SCHAKOWSKY).

Ms. SCHAKOWSKY. Mr. Speaker, I thank the gentlewoman for yielding me this time.

I strongly urge all Members to oppose this rule. Yesterday, Republicans on the Committee on Rules refused to make in order my amendment that would help three categories of individuals who should be given an opportunity to get back on their feet while still being obligated to take responsibility for their debts. Without my amendment, credit card companies will get more consideration than, one, men and women on active duty in uniform; two, victims of terrorism; and, three, unemployed Americans.

As we stand within hours of war, we owe it to our soldiers in uniform to think about their financial vulnerability. My amendment would have made sure that the brave men and women who serve this country will be able to file chapter 7 exempting them from the rigid means test required by H.R. 975. There is a great possibility that the families of many of the men and women who go to war in Iraq will have economic problems. This past Sunday on ''60 Minutes,'' Mrs. Vicky Wessel, whose husband is a Reservist who was sent overseas, summed it up by saying: ''Emotionally it's been tough not having a husband around, not having a father for the kids; but financially it's been really difficult because a staff sergeant's pay is a 60 percent cut in pay from what my husband's regular job pays.''

There are thousands of families like the Wessels. If we enter war with Iraq, we can expect that some of these families will be forced to file bankruptcy, and they should not be subjected to the means test.

Two, victims of international terrorism. I do not believe anyone would argue that the victims of terrorism should be subject to the means test in the bill. As we all know, many of these families have lost loved ones who were their families' primary breadwinners. After and during all of their grieving, they may find themselves as victims again of economic devastation. Minimally they deserve the protection that chapter 7 bankruptcy affords them.

Third, the unemployed. In today's economy, 10 million unemployed workers want jobs but cannot find them. More than 2 million unemployed workers have run out of their regular State-provided unemployment benefits and the emergency unemployment benefits they received under the temporary Federal program. Many of these workers now have no jobs and no means of support. Two thirds of those filing for bankruptcy report a significant period of unemployment preceding their filing. My amendment would make sure that people who exhaust their unemployment benefits would not be subject to the H.R. 975 means test. We should make sure that people who have lost their jobs through no fault of their own are able to file for chapter 7 bankruptcy. We should make sure they have an opportunity to regain their economic independence.

And finally let me say that we should put the interests of American families, ordinary American families, people in uniform, people who have lost their jobs, people who are victims of terrorism, before the interests of profitable credit card companies.

Oppose this rule. Vote against the underlying bill. It is a bad rule and a worse bill that could not come at a worse time.

□ 1315

Ms. SLAUGHTER. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SESSIONS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this has been a vigorous debate. We go through this often. There are some nice things I would like to say about two nice gentlemen also. One of them is the gentleman from Illinois (Chairman HYDE), and the other is the gentleman from Wisconsin (CHAIRMAN SENSENBRENNER).

These gentleman have ably, carefully taken in the views of witnesses, of thoughts and ideas not only about bankruptcy, but have included in that the thought processes of consumers and normal people and bankruptcy judges. These two gentlemen have worked diligently to make sure that this body, the United States Congress, has a chance to have before it not only good legislation, but legislation that is well thought out.

In particular I would like to thank the gentleman from Wisconsin (Chairman SENSENBRENNER) for his patience, guidance and leadership to the gentleman from Illinois (Mr. HASTERT), the Speaker of the House, and also the body of the Committee on Rules, because the gentleman from Wisconsin (Chairman SENSENBRENNER) has done an outstanding job in making sure that today we have a great piece of legislation.

Mr. Speaker, I have no further requests for time, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LAHOOD). Pursuant to clause 8, rule XX, proceedings will resume on three of the motions to suspend the rules previously postponed.

Votes will be taken in the following order:

H.R. 314, by the yeas and nays;

H.R. 417, by the yeas and nays; and

H.R. 699, by the yeas and nays.

The first electronic vote will be conducted as a 15-minute vote. The remaining electronic votes will be conducted as 5-minute votes.

MORTGAGE SERVICING CLARIFICATION ACT

The SPEAKER pro tempore. The unfinished business is the question of suspending the rules and passing the bill, H.R. 314.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. ROYCE) that the House suspend the